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September 5, 2013

Via Email (Michael_Herman@nysd.uscourts.gov)

Hon. Paul G. Gardephe
United States District Judge
United States Courthouse
500 Pearl Street
New York, NY 10007

Re: SEC v. Reserve, Case No.: 09-CV-04346

Dear Judge Gardephe:

We respectfully write, on behalf of defendants in the above-referenced action, to request a settlement conference with the Court.

As the Court is aware, earlier this year we reached a resolution with the class plaintiffs and the independent trustees which would resolve all issues among those parties and enable the Fund to conduct a final distribution to its shareholders. The settling parties all believed that expanding the settlement into a global one which included the SEC would benefit the Fund's shareholders. Accordingly, over the last several months, both we and the SEC staff conducted intensive, good faith negotiations, while the class settlement was essentially put on hold. As part of this process, the parties made revisions to the class settlement documents to accommodate the SEC staff's stated concerns. By last week, we and the SEC staff had tentatively resolved all remaining issues with respect to both the SEC staff's concerns with the class settlement, and with respect to the tentative settlement of the SEC case, subject to formal settlement documents for the SEC case, and to the ultimate approval of the SEC Commission in Washington, D.C.

Today, much to our surprise, we were informed that, not only had the Commission rejected the proposed settlement agreement in principle that had been negotiated between defendants and the SEC staff, but it was also unwilling to settle with defendants *on any other terms*.

That is the Commission's prerogative. However, had the parties to the class settlement been informed of the Commission's position at the outset, then the proposed class settlement would have been submitted for Court approval many months ago. Instead, the Fund's shareholders have incurred additional costs and delays because of the Commission's sudden refusal to settle.

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Since those delays and costs have now been borne, we believe it would be worthwhile for the Court to explore the Commission's position before moving forward on the case at large.

We thank the Court for its consideration, and are available to discuss these issues at the Court's convenience. We also expect that we will promptly move forward with the approval process for the class settlement, with the SEC's requested changes having been implemented.

Sincerely,



John Dellaportas

cc: All Counsel of Record [via email]